

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 L-03 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00  
TRSE-00 /032 W  
-----071739Z 066317 /40  
R 061248Z MAY 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 3240

LIMITED OFFICIAL USE NEW DELHI 6566

E.O. 11652: N/A  
TAGS: EAIR, IN  
SUBJECT: CIVAIR: NAVIGATION CHARGES

REF: STATE 099876

1. ECONCOUNSELOR AND EMBOFF MET WITH PANAM REGIONAL REPRESENTATIVE PEDERSEN AND PANAM OFFICIAL FAULKNER (MEMBR OF IATA GROUP IN DELHI TO DISCUSS USER CHARGES WITH GOI) ON MAY 5 TO DISCUSS RESULTS OF AATA CONSULTATIONS AND BEST TACTICS FOR EMBASSY SUPPORT FOR PANAM. EMBOFFS AND PANAM OFFICIALS AGREED THAT OFFICIAL US APPROACH TO INDIAN AVIATION AUTHORITIES SHOULD BE MID-JUNE. PURPOSE WILL BE TO COMMUNICATE STRONG USG CONCERN OVER CHARGES QUESTION AS INDIAN OFFICIALS BEGIN PREPARATIONS FOR NEXT CONSULTATION SCHEDULED FOR JULY 10. FAULKNER PREFERS THAT EMBASSY REPRESENTATION STICK TO BROADER ISSUES, LEAVING SPECIFIC ARGUMENTS TO IATA TEAM. HE IS NOT OPTIMISTIC THAT JULY MEETING WILL BE SUCCESSFUL, HOWEVER, AND FORESEES MORE ACTIVE USG ROLE AT LATER STAGE.

2. REVIEWING RESULTS OF TWO DAYS OF MEETING WITH AIRPORT AND CIVIL AVIATION OFFICIALS, FAULKNER INFORMED US IATA TEAM HAD BEEN STUNNED BY NEW ACCOUNTING THESE EXPOUNDED BY GOI DURING FIRST DAY. DEPUTY CHAIRMAN OF INTERNATIONAL AIRPORT AUTHORITY OF INDIA  
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(IAAI) DAS TURNED MEETING OVER TO OFFICIALS OF LOCAL ACCOUNTING FIRM (FAULKNER THOUGHT THEY WERE BRANCH OF PRICE WATERHOUSE) WHO ARGUED: (1) VALUE OF AIRPORTS SHOULD BE RE- STATED AT CURRENT REPLACEMENT COST RATHER THAN COST OF ORIGINAL INVESTMENT. THIS WOULD RESULT IN RAISING LAND VALUE OF NEW DELHI AIRPORT TWELVE TIMES. (2) AIRPORT CHARGES SHOULD COVER "FULL "ECONOMIC COSTS" WHICH MEANT A 25 PERCENT RETURN ON GOVT

INVESTMENT, IN ADDITION TO OPERATING COSTS. GOI OFFICIALS SAID THEY HAD NO INTENTION OF IMPLEMENTING THESE PRINCIPLES AT THIS TIME BUT "MERELY" ASKED IATA ACCEPTANCE OF THEM. IATA TEAM REJECTED BOTH PREMISES, ALTHOUGH FAULKNER ADMITTED THAT "ECONOMIC COST" LANGUAGE IN IATA RULES ON CHARGES COULD BE INTERPRETED TO INCLUDE SOME RETURN ON INVESTMENT.

3. WHILE ENROUTE CHARGES ARE PANAMS MOST PRESSING CURRENT CONCERN IN THIS AREA, NEWLY REVEALED INDIAN POSITION ON METHOD OF CALCULATING AIRPORT USER CHARGES IS POTENTIALLY MUCH MORE SERIOUS IN PANAM OFFICIAL'S VIEWS. CIVIL AVIATION OFFICIALS GAVE ONLY SUMMARY STATEMENT ON BASIS OF ENROUTE CHARGES AND PROMISED MORE DETAILS AT JULY MEETING. ACCORDING TO FAULKNER THOSE FIGURES INDICATE THAT, AT CURRENT RATE, GOI RETRIEVING 40 PERCENT OF COSTS (UP FROM 15 PERCENT). FAULKNER ASSUMES ACTUALLY RETRIEVAL RATE IS OVER 50 PERCENT. HE WAS PLEASED TO NOTE THAT THERE WAS SOME EVIDENCE THAT GOI HAD BEGUN TO LEVY THESE CHARGES TO SOME EXTENT ON DOMESTIC SERVICE.

4. IATA TEAM WAS COMPOSED OF REPS OF PANAM, BRITISH AIRLINES, QUANTAS AND JAPAN AIRLINES, AND JOHN LEWIS OF ICAO. DA OF IAAI LED INDIAN DELEGATION COMPOSED OF OTHER IAAI OFFICIALS AND CONSULTANTS, WHILE DEPUTY DIRECTOR GENERAL OF CIVIL AVIATION SARKAR SPOKE FOR GOI ON NAVAID CHARGES.

5. BETWEEN NOW AND MID-JUNE EMBASSY WILL CONSULT WITH OTHER INTERESTED MISSIONS HERE, ESPECIALLY BRITISH, IN ORDER TO STIMULATE EFFECTIVE ACTION  
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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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